

CableFAX Daily™

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What the Industry Reads First

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Pay Up, Folks: Diller Puts Free Internet Model on Deathwatch

Within 3-5 years, online consumers will pay for most high-quality video and other premium content that they now get for free, IAC chmn/CEO *Barry Diller* insisted on Wed. In a keynote Q&A with *Businessweek* columnist *Jon Fine* at the Advertising 2.0 conference in NYC, Diller said the rush to put TV content on the Web stemmed more from a fear of ending up like the music industry than a clear business plan. And as content providers and distributors like cable mull authentication and other ways of monetizing online video, “an accident of a historical moment will be corrected.” Diller said subscriptions, micropayments and other ways of paying for content will emerge, noting that the broadband Web remains in its infancy, and “the beginning of things is always a mess...5 years max, this will start to smooth out.” Much of that will depend on making it easy for consumers to pay, he said, lauding the simplicity of **Apple’s** iPhone when it comes to buying apps for as little as 99 cents. “The iPhone is a great example of how this is going to happen,” he said. But he said the final shift will occur when broadband networks allow seamless migration of Internet video and other content to the TV screen—whether or not a gatekeeper sits between them and content. “The big creative chaos comes when you get a remote in front of a big screen that can access the Internet,” he said. Meanwhile, Fine nudged Diller to talk about last year’s court battle with **Liberty Media’s** *John Malone* over IAC’s split into 5 companies (Diller won). According to Diller, the fight created some tension, but “this was completely repaired.” -- In another IAC panel, **Canoe Ventures** CEO *David Verklin* cautioned against trying to make TV measurement a carbon copy of the Internet, arguing that online media “is not all perfect” and advertisers should “take a lesson from what online has done well and where it’s not done well.” Verklin cited tracking cookies as one example, calling them “inexact targeting” and asking “can we improve on the cookie?”

New Leader: **CableLabs’** board selected *Paul Liao* as the successor to longtime pres/CEO *Dick Green*, giving the **Panasonic** vet some large shoes to fill. He’s ready and excited. Green “created an entity that has really reshaped the cable industry, and the industry’s in an ideal position to really expand on that,” said Liao, who’s poised to “really ride this ride of new technology.” An example is **tru2way**, of which Liao has intimate knowledge as **Panasonic** and **Comcast** are collaborating in several markets on tru2way services and tru2way-enabled VIERA Plasma HDTVs. As such, Liao believes he’s uniquely positioned to help “strengthen the ties between MSOs and the consumer electronics industry.” In a release, both



IT'S FEEDING YOUR HUNGER.

TRUEBLOOD

SUNDAYS 9PM

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Green and Comcast boss *Brian Roberts* laud the hire of Liao, who will matriculate to CableLabs next month.

Competition: **DirectTV's** extending through weekend play this year its interactive service and 4-in-1 HD mix channel surrounding golf's **US Open** (Jun 18-21). Separately, the DBS op kicks off this week in Miami an ad campaign touting its Spanish- and English-language programming service **Mas**. Dubbed "Somos," the campaign features an eponymous song developed by Latino musician *Maridalia*, who's serving as spokesperson.

Advertising: **TNS Media's** 1Q ad data mirrors **Nielsen's** (*Cfax*, 6/9) in cable's 2.4% dip and is close in network TV's -4.2%, but other measures were quite disparate. TNS said national syndication grew 0.2% (versus -19%, according to Nielsen), Spanish-language TV fell 15% (-1.1%) and overall advertising decreased 14.2% (-28%). According to TNS, cable, network TV and syndication saw improvement toward the end of 1Q owing to motion picture and restaurant spending.

-- **Cablevision** will commence offering same-day VOD ad insertion across its footprint later this summer, when the MSO will also offer telescoping. The 24-hour ad opportunities include interactive on demand channels for Optimum Homes, Optimum Autos, Travel, Health and Electronics. -- **Bid4Spots** kicks off Thurs its 1st public auction for cable ad time a week out, an online reverse auction that will occur every Thurs thereafter from 8am-noon PT. Advertisers pay in advance and make spots available for review, and cable systems may decide which inventory to offer each week.

On the Hill: **House Commerce** chmn *Henry Waxman* (D-CA) and committee leaders released a **GAO** report on national broadband deployment Wed that recommends the **FCC** work with the **Depts of Ag** and **Commerce** to "specify performance goals and measures for broadband deployment and to define the departments' roles and responsibilities in carrying out the plan." Waxman, subcmte chmn *Rick Boucher* (D-VA) and Rep *Zack Space* (D-OH) sent the 44-page report to acting FCC chmn *Michael Copps* as the Commission works on a national broadband plan.

DTV Doings: **Nielsen's** final DTV update counts 2.8mln HHs (2.5% of the TV market) as unready for Fri's DTV transition. Younger, African American and Hispanic homes are disproportionately unready, while the elderly are the most ready. Among the 56 local markets that Nielsen measures with electronic meters, Albuquerque-Santa Fe ranks as the least ready, with 7.6% of HHs unprepared. The markets with the most unready households tend to be in the Western US, where cable penetration is lower.

Customer Service: Despite improvement in other studies this year, **Comcast** and **Time Warner Cable** were highlighted within the shameful portion of the **Customer Service Hall of Shame and Fame**, a collaboration of **MSN Money** and polling firm **Zogby Intl**. According to the survey, 41% of respondents said Comcast's service was "poor," while 32% said the same of TWC's service, respectively ranking the MSO's 2nd and 5th in the "Hall of Shame" behind **AOL** (45%).



IT'S EXPOSING YOUR TALENT.

HUNG

SUN JUNE 28 10PM

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BUSINESS & FINANCE

Programming: Showtime picked up a 2nd season of "Nurse Jackie" after the *Edie Falco*-starrer garnered approx 1.35m collective viewers during its Mon premiere night to become the net's biggest series premiere since '04. -- **AMC's** "Mad Men" returns for a 3rd season Aug 16 (10pm ET). VOD access to the show's initial seasons launches Jul 20.

On the Circuit: Smart thinking to move **Cable's Leaders in Learning** awards to a lunch from an evening event. Wed's ceremony was well populated with CEOs fresh from **NCTA's** board meeting, including **Time Warner Cable's Glenn Britt, Cox's Pat Esser** and **BET's Debra Lee**. **Food Net's Alton Brown** was a great emcee, smoothly ushering along the recognition of the winning educators with the right amount of humor. And kudos to **Kyle McSlarrow** for the quick comeback after Brown introduced him as "Kyle McClarrow." "Thanks, Alson," the **NCTA** chief said. The DC event started around the same time police say a man walked into the city's US Holocaust Museum and opened fire, wounding a guard. But most inside the Washington Court Hotel were unaware of the events unfolding several blocks away. Rep **James Clyburn** (D-SC) was present to receive the Policymaker Award [fellow winner Sen Olympia Snow (R-ME) couldn't make it]. 11 education leaders from around the country were also honored, chosen from more than 120 applicants.

CableFAX Daily Stockwatch

Company	06/10 Close	1-Day Ch	Company	06/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMPHENOL:	33.89	0.98
BRITISH SKY:	29.32	(0.28)	APPLE:	140.25	(2.47)
DIRECTV:	23.55	0.20	ARRIS GROUP:	12.62	(0.13)
DISH:	16.12	0.04	AVID TECH:	14.32	(0.66)
DISNEY:	25.10	(0.23)	BIGBAND:	5.59	(0.11)
GE:	13.40	(0.17)	BLNDER TONGUE:	1.65	0.08
HEARST-ARGYLE:	4.50	0.00	BROADCOM:	27.52	0.27
NEWS CORP:	11.89	0.08	CISCO:	19.95	(0.13)
MSOS					
CABLEVISION:	18.41	(0.46)	CLEARWIRE:	4.51	0.01
COMCAST:	14.29	(0.11)	COMMSCOPE:	25.77	(0.35)
COMCAST SPCL:	13.56	(0.18)	CONCURRENT:	5.54	0.16
GCI:	7.50	0.16	CONVERGYS:	9.49	(0.06)
KNOLOGY:	8.19	0.10	CSG SYSTEMS:	14.25	(0.14)
LIBERTY CAPITAL:	14.80	(0.19)	ECHOSTAR:	16.11	(0.68)
LIBERTY ENT:	24.98	0.00	GOOGLE:	432.60	(3.02)
LIBERTY GLOBAL:	14.35	0.19	HARMONIC:	6.64	0.14
LIBERTY INT:	5.98	0.08	INTEL:	16.46	0.04
MEDIACOM:	6.23	(0.07)	JDSU:	6.20	(0.02)
SHAW COMM:	17.02	(0.02)	LEVEL 3:	1.33	0.20
TIME WARNER CABLE:	31.64	(0.57)	MICROSOFT:	22.55	0.47
VIRGIN MEDIA:	8.70	0.08	MOTOROLA:	6.57	(0.14)
WASH POST:	345.30	(6.56)	OPENTV:	1.33	0.00
PROGRAMMING					
CBS:	8.33	(0.35)	PHILIPS:	19.23	0.27
CROWN:	1.92	0.01	RENTRAK:	13.16	(0.27)
DISCOVERY:	22.99	(0.56)	SEACHANGE:	7.33	(0.06)
EW SCRIPPS:	2.23	(0.06)	SONY:	27.36	(0.28)
GRUPO TELEVISA:	17.38	(0.26)	SPRINT NEXTEL:	4.84	(0.11)
HSN:	11.74	0.31	THOMAS & BETTS:	31.85	(0.29)
INTERACTIVE CORP:	16.74	0.25	TIVO:	11.03	(0.01)
LIBERTY:	28.09	0.04	TOLLGRADE:	5.29	(0.12)
LODGENET:	5.74	0.01	UNIVERSAL ELEC:	20.14	(0.86)
NEW FRONTIER:	2.30	(0.05)	VONAGE:	0.40	(0.03)
OUTDOOR:	6.07	0.05	YAHOO:	16.32	(0.08)
PLAYBOY:	2.84	0.00	TELCOS		
RHI:	3.17	0.02	AT&T:	24.28	0.07
SCRIPPS INT:	29.04	0.33	QWEST:	4.07	0.01
TIME WARNER:	26.32	(0.17)	VERIZON:	29.53	0.11
VALUEVISION:	1.48	0.20	MARKET INDICES		
VIACOM:	24.55	0.21	DOW:	8739.02	(24.04)
WWE:	14.01	0.16	NASDAQ:	1853.08	(7.05)
TECHNOLOGY					
3COM:	5.02	(0.14)			
ADC:	8.46	0.07			
ADVANTAGE:	1.91	0.00			
ALCATEL LUCENT:	2.87	0.07			
AMDOCS:	21.59	(0.12)			



IT'S MAKING YOUR MARK.

entourage

SUN JULY 12 10:30PM

IT'S HBO

Think about that for a minute...

Finally

Friday is “D”TV day. Finally. It’s been a long, hard slog, but the American broadcast television infrastructure is going to turn off most of their analog transmitters by midnight Friday night, and they will be “all digital” Saturday morning. Maybe not on the same channels, maybe not reaching the same audience—but life will go on, and technological advance will prove, once again, to be slow and cumbersome in almost all instances.



Steve Effros

Now that may come as somewhat of a surprise to some folks. After all, wasn’t there an almost instant switch-over from records to cassettes (remember those?) or cassettes to CDs?

Well, of course the answer is no. Those steps took years.

The same is true of the “sweeping” change brought about by satellite television, DBS. Well, that didn’t really happen overnight either. It took more than ten years. We seem to conveniently forget these days about what was then called the “State Flower of West Virginia”: the backyard three-meter satellite dish.

That, by the way, was a satellite dish that picked up an analog, not a digital picture. I know some satellite folks who still say those dishes produced better pictures than the new, smaller digital ones.

The point behind all this is that technology does not really move as fast as we tend to think. The overwhelming effect of the Internet is another great example. Folks don’t seem to remember that the “world wide web” may have been developed in 1995, but that Internet and email started percolating well before that.

So the fact that it has taken more than ten years to accomplish the digital transition for broadcasters is neither extraordinarily long or surprising.

While clearly we are all very tired of hearing about the transition, talking about it, reading headlines about it, seeing “crawls” on our screens and so on—actually it looks to me like the transition is likely to go surprisingly well.

Sure, there will be dislocations. Yes, certain groups will be disadvantaged for a short period of time, and there will be unhappiness. But on the whole, the government (yes, the government!), the broadcasters

and especially the cable industry did an excellent job of doing whatever could be done to get folks prepared and minimize the impact.

Yes, the cable industry, too! We have lots to be proud of.

We stood up when the broadcasters wouldn’t, or couldn’t and the CE industry was just sending out press releases. We (thanks to some really good thinking by the folks at the NCTA) recognized that the biggest problem was going to be putting together effective call centers that could respond to the confusion of the switch-over. The logic was simple: we have more experience doing that than any of the other parties.

The government needed help, badly. They also needed that help quickly. We supplied it. It worked.

Was the effort flawless? Of course not. Were some mistakes made, or were there some call center folks who said the wrong thing? Sure. And did the “consumer advocate” folks choose to focus on that instead of the enormous, public spirited effort that was put in? What do you think?

But the fact is this was not our transition. We could have sat on our hands and let the government try to convince the broadcasters to do more. We could have just aimed our efforts at getting new customers and spent the millions we diverted into this effort on a subscriber acquisition program. We didn’t.

Instead, we helped the transition as much as we could, and finally, finally, it is here.

I think we will all be relieved when this is over. We can go back to our business and not be criticized for actually doing what we are supposed to be doing: compete and offer the best value to customers.

The irony is that if the last day of the transition goes by without major trouble, lots of folks will wonder and complain about what all the noise, and even the four-month delay, was about.

You can’t win.

In this case, I think we, and the politicians and the regulators have, in fact, won.

Finally.

Steve

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